



FG BCS LIMITED

**Summary Consolidated Financial Statements
derived from the audited consolidated financial statements
for the year ended 31 December 2017**



KPMG Limited
Chartered Accountants
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Independent Auditors' Report
On The Summary Consolidated Financial Statements
To The Board Of Directors Of
FG BCS LIMITED

Opinion

The summary consolidated financial statements which are presented in pages 4 to 12 and comprise the summary consolidated statement of financial position as at 31 December 2017, the summary consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of FG BCS Limited and its subsidiaries ("the Group") for the year ended 31 December 2017.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, on the basis described in Note 2.

Summary Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards (IFRS) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113. Reading the summary consolidated financial statements and our report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and our report thereon.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 29 June 2018.

Board of Directors' Responsibility for the Summary Financial Statements

The Board of Directors is responsible for the preparation of the summary consolidated financial statements on the basis described in Note 2.

Board Members:

N.G. Syrimis, A.K. Christofides, P.G. Loizou, A.M. Gregoriades, D.S. Vakis, A.A. Apostolou, S.A. Loizides, M.A. Loizides, S.G. Sofocleous, M.M. Antoniadis, C.V. Vasilioy, P.E. Antoniadis, M.J. Halios, M.P. Michael, P.A. Peleties, G.V. Markides, M.A. Papacosta, K.A. Papanicolaou, A.I. Shiammoutis, G.N. Tziortzis, H.S. Charalambous, C.P. Anayiotos, I.P. Ghalanos, M.G. Gregoriades, H.A. Kakoullis, G.P. Savva, C.A. Kalias, C.N. Kallias, M.H. Zavrou, P.S. Elia, M.G. Lazarou, Z.E. Hadjizacharias, P.S. Theophanous, M.A. Karantoni, C.A. Markides, G.V. Andreou, J.C. Nicolaou, G.S. Prodromou, A.S. Sofocleous, G.N. Syrimis, T.J. Yiasemides, A.A. Bargilly, K.A. Christofides, P.P. Vanezis

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Auditors' Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), "Engagements to Report on Summary Financial Statements."

A handwritten signature in blue ink, appearing to read 'G. Prodromou', with a long horizontal flourish extending to the right.

George S. Prodromou, ACA
Certified Public Accountant and Registered Auditor
for and on behalf of

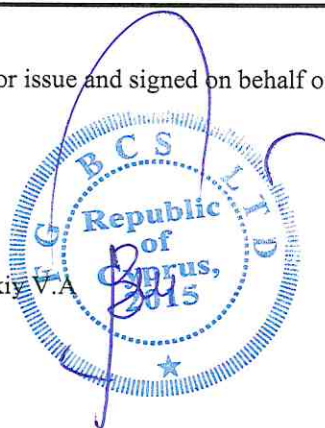
KPMG Limited
Certified Public Accountants and Registered Auditors
11, June 16th 1943 Street
3022 Limassol
Cyprus

29 June 2018

<i>(In thousands of Russian Roubles)</i>	31 December 2017	31 December 2016
ASSETS		
Cash and cash equivalents	24 873 844	21 081 792
Mandatory cash balances with the CBR	504 794	662 217
Receivables from brokerage transactions	9 065 247	6 829 335
Receivables under resale agreements	35 518 665	52 012 963
Financial instruments at fair value through profit or loss	94 191 746	54 755 039
Financial instruments available-for-sale	1 287 929	4 632 142
Investment in an associate	110 500	-
Derivative assets	4 034 392	3 072 303
Loans to customers	21 859 131	21 577 485
Loans to banks	3 761 249	-
Investment properties	1 032 264	1 705 283
Property, equipment and intangible assets	5 467 028	3 032 672
Prepayments and other assets	4 382 322	6 473 706
Deferred tax assets	894 609	1 107 363
TOTAL ASSETS	206 983 720	176 942 300
LIABILITIES		
Payables under repurchase agreements	46 541 012	44 520 484
Customer brokerage accounts	76 256 054	62 449 278
Financial instruments at fair value through profit or loss (short)	5 380 375	2 155 746
Derivative liabilities	5 025 982	3 152 339
Current accounts, deposits and borrowings	39 365 852	34 956 256
Payables and other liabilities	3 117 735	2 322 669
Deferred tax liabilities	939 028	835 866
TOTAL LIABILITIES	176 626 038	150 392 638
EQUITY		
Share capital	151	151
Revaluation surplus for land and buildings	797 829	736 367
Revaluation reserve for available-for-sale assets	(13 499)	110 950
Translation reserve	3 511 669	4 112 501
Retained earnings	26 096 786	21 621 982
Total equity attributable to sole participant	30 392 936	26 581 951
Non-controlling interests	(35 254)	(32 289)
TOTAL EQUITY	30 357 682	26 549 662
TOTAL EQUITY AND LIABILITIES	206 983 720	176 942 300

Approved for issue and signed on behalf of the Board of Directors on 29 June 2018.

Shelikhovskiy V.A.
Director



FG BCS LIMITED
Summary Consolidated Statement of Profit or Loss and Other Comprehensive Income

<i>(In thousands of Russian Roubles)</i>	For the year ended 31 December 2017	For the year ended 31 December 2016
Fee and commission income	5 194 232	4 550 277
Fee and commission expense	(3 069 001)	(2 788 819)
Net fee and commission income	2 125 231	1 761 458
Interest income	13 314 708	11 385 011
Interest expense	(9 418 064)	(5 352 928)
Net interest income	3 896 644	6 032 083
Net trading income	11 637 739	8 006 780
Fair value gains on investment properties	86 670	119 582
Impairment losses of property and equipment	(17 650)	(8 662)
Impairment losses	(419 046)	(334 195)
Rental income from investment properties	194 882	221 452
Other operating income	229 148	308 981
Share of loss of an associate	(940)	-
Administrative and other operating expenses	(11 935 724)	(8 897 594)
Profit before tax	5 796 954	7 209 885
Income tax expense	(559 716)	(330 313)
Profit for the year	5 237 238	6 879 572
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Revaluation of land and buildings	91 162	118 960
Income tax relating to items that will not be reclassified to profit or loss	(19 695)	(22 700)
Total items that will not be reclassified to profit or loss	71 467	96 260
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences for foreign operations	(600 832)	(1 798 889)
Net change in fair value of financial instruments available-for-sale	(46 237)	42 558
Net change in fair value of financial instruments available-for-sale transferred to profit or loss	(78 574)	(52 582)
Income tax relating to items that are or may be reclassified to profit or loss	362	4 357
Total items that are or may be reclassified subsequently to profit or loss	(725 281)	(1 804 556)
Other comprehensive loss for the year, net of tax	(653 814)	(1 708 296)
Total comprehensive income for the year	4 583 424	5 171 276
Profit for the year attributable to:	5 237 238	6 879 572
- Sole participant	5 240 203	6 888 644
- Non-controlling interests	(2 965)	(9 072)
Total comprehensive income attributable to:	4 583 424	5 171 276
- Sole participant	4 586 389	5 180 348
- Non-controlling interests	(2 965)	(9 072)

The summary consolidated financial statements on pages 4 to 12 should be read in conjunction with the consolidated financial statements from which they were derived.

<i>(In thousands of Russian Roubles)</i>	For the year ended 31 December 2017 Attributable to the sole participant							Non- controlling interests	Total equity
	Share capital	Share Premium	Revaluation surplus for land and buildings	Revaluation reserve for available-for- sale assets	Translation reserve	Retained earnings	Total		
Balance at 1 January 2017	151	2 803	736 367	110 950	4 109 698	21 621 982	26 581 951	(32 289)	26 549 662
Total comprehensive income									
Profit for the year	-		-	-	-	5 240 203	5 240 203	(2 965)	5 237 238
Other comprehensive income									
<i>Items that are or may be reclassified subsequently to profit or loss:</i>									
Foreign currency translation differences for foreign operations	-		-	-	(600 832)	-	(600 832)	-	(600 832)
Revaluation reserve for available-for-sale assets	-			(124 449)	-	-	(124 449)	-	(124 449)
<i>Total items that are or may be reclassified to profit or loss</i>	-		-	(124 449)	(600 832)	-	(725 281)	-	(725 281)
<i>Items that will not be reclassified to profit or loss:</i>									
Revaluation of land and buildings, net of income tax	-		71 467	-	-	-	71 467	-	71 467
Transfer of the revaluation reserve relating to the items of land and buildings reclassified to investment property	-		(10 005)	-	-	10 005	-	-	-
Total items that are or may be reclassified subsequently to profit or loss	-		61 462	-	-	10 005	71 467	-	71 467
Other comprehensive loss for the year	-		61 462	(124 449)	(600 832)	10 005	(653 814)	-	(653 814)
Total comprehensive income for the year	-		61 462	(124 449)	(600 832)	5 250 208	4 586 389	(2 965)	4 583 424
Changes in non-controlling interests	-		-	-	-	-	-	-	-
Dividends	-		-	-	-	(775 404)	(775 404)	-	(775 404)
Total transactions with owners	-		-	-	-	(775 404)	(775 404)	-	(775 404)
Balance at 31 December 2017	151	2 803	797 829	(13 499)	3 508 866	26 096 786	30 392 936	(35 254)	30 357 682

The summary consolidated financial statements on pages 4 to 12 should be read in conjunction with the consolidated financial statements from which they were derived.

For the year ended 31 December 2016
Attributable to the sole participant

<i>(In thousands of Russian Roubles)</i>	Share capital	Share Premium	Revaluation surplus for land and buildings	Revaluation reserve for available-for-sale assets	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2016	2 906	2 803	640 107	116 617	5 908 587	14 684 021	21 355 041	23 345	21 378 386
Total comprehensive income									
Profit for the year	-		-	-	-	6 888 644	6 888 644	(9 072)	6 879 572
Other comprehensive income									
<i>Items that are or may be reclassified subsequently to profit or loss:</i>									
Foreign currency translation differences for foreign operations	-		-	-	(1 798 889)	-	(1 798 889)	-	(1 798 889)
Revaluation reserve for available-for-sale assets	-		-	(5 667)	-	-	(5 667)	-	(5 667)
<i>Total items that are or may be reclassified to profit or loss</i>	-		-	(5 667)	(1 798 889)	-	(1 804 556)	-	(1 804 556)
<i>Items that will not be reclassified to profit or loss:</i>									
Revaluation of land and buildings, net of income tax	-		96 260	-	-	-	96 260	-	96 260
Total items that are or may be reclassified subsequently to profit or loss	-		96 260	-	-	-	96 260	-	96 260
Other comprehensive loss for the year	-		96 260	(5 667)	(1 798 889)	-	(1 708 296)	-	(1 708 296)
Total comprehensive income for the year	-		96 260	(5 667)	(1 798 889)	6 888 644	5 180 348	(9 072)	5 171 276
Changes in non-controlling interests	-		-	-	-	46 562	46 562	(46 562)	-
Effect of the Group restructuring	(2 755)		-	-	-	2 755	-	-	-
Total transactions with owners	(2 755)		-	-	-	49 317	46 562	(46 562)	-
Balance at 31 December 2016	151	2 803	736 367	110 950	4 109 698	21 621 982	26 581 951	(32 289)	26 549 662

The summary consolidated financial statements on pages 4 to 12 should read in conjunction with the consolidated financial statements from which they were derived.

FG BCS LIMITED
Summary Consolidated Statement of Cash Flows

<i>(In thousands of Russian Roubles)</i>	For the year ended 31 December 2017	For the year ended 31 December 2016
Cash flows from operating activities		
Profit before income tax	5 796 954	7 209 885
Adjustments for:		
Depreciation and amortisation	573 539	468 845
Impairment losses	419 046	334 195
Fair value (gains) on investment properties	(86 670)	(119 582)
Impairment losses of property and equipment	17 650	8 662
Unrealised gains on debt and equity instruments	(3 006 106)	(3 862 498)
Revaluation of derivatives	7 125 390	5 099 492
Goodwill write-off	-	62 053
Share of loss of an associate	940	
Unrealised (gains) losses from trading in foreign currencies	(1 218 005)	1 141 770
Loss (gain) on disposal of property and equipment	65 713	(2 036)
Net interest income	(3 896 644)	(6 032 083)
Cash flows from operating activities before changes in working capital	5 791 807	4 308 703
(Increase) decrease in operating assets		
Mandatory cash balances with the CBR	157 423	(356 111)
Receivables from brokerage transactions	(2 548 046)	(2 313 941)
Receivables under resale agreements	14 618 260	(790 638)
Financial instruments at fair value through profit or loss	(36 777 081)	(26 696 021)
Loans to customers	(574 224)	(9 047 974)
Loans to banks	(3 776 570)	-
Prepayments and other assets	679 349	(7 562 693)
Interest received during the year	13 281 462	11 276 426
Increase (decrease) in operating liabilities		
Payables under repurchase agreements	3 848 160	9 762 147
Customer brokerage accounts	11 728 034	11 338 579
Financial instruments at fair value through profit or loss	3 227 993	(672 253)
Current accounts, deposits and borrowings	4 136 608	17 212 226
Payables and other liabilities	1 469 784	3 156 195
Interest paid during the year	(9 532 489)	(4 903 917)
Income taxes paid	(288 537)	(166 283)
Net cash provided by operating activities	5 441 933	4 544 445
Cash flows from investing activities		
Acquisition of property and equipment and intangible assets	(2 353 409)	(770 273)
Disposal of investment properties	12 909	-
Acquisition of subsidiary	-	(18 189)
Acquisition of associate	(111 438)	-
Proceeds from sale of property and equipment	100 093	8 404
Financial instruments available-for-sale	3 144 926	3 832 587
Net cash provided by investing activities	793 081	3 052 529
Dividends paid	(775 404)	-
Net cash used in financing activities	(775 404)	-
Net increase in cash and cash equivalents	5 459 610	7 596 974
Cash and cash equivalents at the beginning of the year	21 081 792	20 367 814
Effect of changes in exchange rates on cash and cash equivalents	(1 667 558)	(6 882 996)
Cash and cash equivalents as at the end of the year	24 873 844	21 081 792

The summary consolidated financial statements on pages 4 to 12 should be read in conjunction with the consolidated financial statements from which they were derived.

1 Background

These summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 31 December 2017, the summary consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and related notes are derived from the audited consolidated financial statements of FG BCS Limited for the year ended 31 December 2017.

Organisation and operations

FG BCS LIMITED (the Company), together with its consolidated subsidiaries (collectively, the Group), is a leading broker and asset management company with a focus on Russia. The Group, through its custody, clearing and depository platforms, using both proprietary and third-party technology, provides an integrated platform of brokerage, retail and investment banking, depository and asset management services to individuals and corporate customers in the Russian Federation and abroad. The Group offers integrated web- and software-based trading platforms, which incorporate intelligent order routing technology, real-time market data, options trading, premium research, and multi-channel access, as well as sophisticated account and trade management features, risk management tools, decision support tools, and dedicated personal support. The Group serves its clients through a combination of its wide branch network and web-based and telephonic services, and provides direct-market-access equity and derivatives brokerage services on MOEX (Russia), LSE and other major exchanges (AMEX, NASDAQ, NYSE, CME/CBOT, Eurex, Euronext, LIFFE, XETRA) and on the FX market.

During the first half of 2016 under the Group restructuring process FG BCS LIMITED became the legal successor of BCS Holding International Limited and the new parent company of the Group. Change in share capital of the Company was reflected directly in equity.

This change has been undertaken to alleviate limitations imposed in certain jurisdictions on offshore companies holding shares in regulated entities and with the intention of bringing the holding company, onshore. Aside from jurisdiction, the new parent is a like for like replacement of the current parent mirroring the current parent's function and purpose. The change has been approved by the Financial Conduct Authority (FCA), the Cyprus Securities and Exchange Commission (CySEC) and Financial Industry Regulatory Authority (FINRA). The Company's registered address is Prevezis, 13, 1st floor, Office 101, 1065, Nicosia, Cyprus. The Group's headquarter offices are located at Str. Sovetskaya 37, Novosibirsk, Russian Federation. The sole beneficiary and ultimate controlling party of the Group is Oleg Mikhasenko.

As at 31 December 2017, the Group had full-time, part-time and temporary employees, and persons employed on a contract basis that represented the equivalent of about 3 599 full-time employees (2016: 3 364).

As a professional stock and security market participant in the Russian Federation, Cyprus, UK and USA, the Group's operations are regulated by the Central Bank of Russia (the CBR), the CySEC, FINRA and the FCA. The Group is a member of Moscow Exchange, Saint-Petersburg Exchange, London Stock Exchange and Eurex and the following financial associations and self-regulatory organisations: National Association of Stock Market Participants (NAUFOR), International Capital Market Association and International Swaps and Derivatives Association.

Also the Group includes managing companies whose principal activity is to manage assets and liabilities of clients. Activities connected with securities management are licensed under the current legislation. The activities of managing companies are regulated by the CBR and other authorities common for all market participants, for example, tax authorities.

The Group conducts its business primarily through the following operating legal entities:

Subsidiary	Country of incorporation	Ownership/voting	
		31 December 2017	31 December 2016
Brokercreditservice Ltd	Russia	99.6%	99.6%
BrokerCreditService (Cyprus) Limited	Cyprus	100.0%	100.0%
Joint Stock Company "BCS – Investment Bank"	Russia	99.6%	99.6%
OOO "Investment Management Company Brokercreditservice"	Russia	95.0%	95.0%
OOO "Investment Management Company Brokercreditservice – Real Estate Funds"	Russia	95.0%	95.0%
OOO "Depository Institution MSD"	Russia	99.0%	99.0%
BCS Prime Brokerage Limited	UK	100.0%	100.0%
BCS Investment Management Ltd	Cayman Islands	100.0%	100.0%
Brokercreditservice Structured Products PLC	Cyprus	100.0%	100.0%
Routa Luxury Services Ltd.	Cyprus	100.0%	100.0%
OOO "Azimut"	Russia	100.0%	100.0%
OOO "Finance Group"	Russia	95.0%	95.0%
BCS Americas	USA	100.0%	100.0%
OOO "Investment Management Company BCS -Savings"	Russia	100.0%	100.0%

Brokercreditservice Ltd is a limited liability company that was incorporated in the Russian Federation in 1995. Brokercreditservice Ltd provides a range of brokerage and depositary services to retail and corporate clients. It holds licenses issued by Federal Financial Markets Service (FFMS) for securities management, dealer and brokerage services, non-governmental pension funds and unit funds asset management. Offered brokerage services comprise an array of brokerage accounts including debit card, and billpay; individual retirement accounts; retirement plans for small to large businesses; designated brokerage accounts; equity incentive plan accounts; and margin loans, as well as access to fixed income securities, equity and debt offerings, options, and futures; Brokercreditservice Ltd is a clearing broker-dealer and an investment adviser that principally transacts business as an agent in a broad array of financial products and services. It also holds a license issued by the Commission for Commodity Exchanges under FFMS as an intermediary for dealing in futures and options at stock exchanges in the Russian Federation.

BrokerCreditService (Cyprus) Limited (BCS Cyprus) is a licensed investment company regulated by CySEC. BCS Cyprus is a London Stock Exchange member and is licensed to provide Direct-Market-Access equity and derivatives brokerage services on LSE and the world major exchanges (AMEX, NASDAQ, NYSE, CME/CBOT, Eurex, Euronext, LIFFE, XETRA). BCS Cyprus provides brokerage services on the FOREX market in relation to currency and commodity instruments.

BCS Prime Brokerage Limited (BCS UK) was granted UK regulatory authorisation by the Financial Conduct Authority (FCA) to deal and advise on investments and to hold client assets on 19 June 2013. Now BCS UK provides a wide range of brokerage and advising services, including access to Moscow Exchange, LSE, EBS, CHI-X/BATS, NYSE/NASDAQ/AMEX.

Joint Stock Company “BCS – Investment Bank” (the Bank) is incorporated as a Joint Stock Company under the laws of the Russian Federation. The Bank’s principal business activity is commercial banking operations within the Russian Federation. The Bank operates under a banking license issued by the CBR. The Bank is a member of the state deposit insurance system in the Russian Federation. The activities of the Bank are regulated by the CBR.

The investment management business is run via OOO “Investment Management Company Brokercreditservice”, BCS Investment Management Ltd, OOO “Investment Management Company Brokercreditservice - Real Estate Funds” and OOO “Investment Management Company BCS-Savings” which is the investment advisor for the Group’s proprietary mutual funds, referred to as the BCS Funds, which offers asset management solutions including separately managed accounts, customized personal advice for tailored portfolios, and specialized planning and full-time portfolio management, and also provides a wide range of trust, investment management oversight and custodial services to non-government pension funds.

The Group through its OOO “Investment Management Company Brokercreditservice” and BCS Management Company subsidiaries operates the following open ended mutual funds:

- Open Investment Fund of Funds BCS Precious Metals
- Open Investment Fund of Multi – Asset Investments BCS Empire
- Open index investment Fund BCS Index MICEX Fund
- Open Investment Fund of Bonds BCS Foundation
- Open Investment Fund of mixed investments BCS Perspective
- Open Investment Fund of Funds BCS Funds USA

The Group also manages the following real estate funds operated by OOO “Investment Management Company Brokercreditservice – Real Estate Funds”:

- Closed Real Estate Fund – Perm Lands
- Closed Real Estate Fund – Real Estate of Pension Fund
- Closed Real Estate Fund – Volzhskiy
- Closed Real Estate Fund – Light-Invest
- Combined Closed Fund – BCS Real Estate Fund
- Combined Closed Fund – Perspective
- Closed Real Estate Fund – Stroyholding
- Combined Closed Fund – Victory
- Combined Closed Fund – Lukhovitskiy Agropark
- Combined Closed Fund – Rainbow
- Combined Closed Fund – Terema
- Closed Unit Shares Fund – SM.art-Alliance
- Closed mutual investment Fund of special risk (venture) investments – Advanced nanotechnology
- Closed Real Estate Fund – SV-Invest
- Closed Real Estate Fund – E3 Group
- Closed Long-term Direct Investment Fund

OOO “Depository Institution MSD” acts as a specialized depository of investment funds and provides depository, shareholder and custodial services to Group entities as well as external mutual funds, pension funds and other investment companies.

The Group has other subsidiaries which are consolidated based on trust agreements held with the direct owners. The Group exercises full control over the financial, strategic and operational activities of these subsidiaries for the benefit of the Group.

The Group is not exposed to significant seasonal or cyclical variations in operating income during the financial year.

Business environment

Government regulators and self-regulatory organizations oversee the conduct of the Group’s business in many ways, and perform regular examinations to monitor its compliance with applicable statutes, regulations and rules. These statutes, regulations and rules cover all aspects of the business, including sales and marketing activities, trading practices, treatment of customer assets, maintaining specified minimum amounts of capital and limiting withdrawals of funds from regulated operating subsidiaries, continuing education requirements for employees, anti-money laundering practices, know your client policies, recordkeeping and reporting, and supervision regarding the conduct of directors, officers and employees.

Russian business environment

A significant part of the Group’s operations are conducted in the Russian Federation. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation which display characteristics of an emerging market. The legal, currency, tax and regulatory frameworks continue development and are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Russian Federation. Furthermore, the need for further developments in the bankruptcy laws, the absence of formalised procedures for the registration and enforcement of collateral, and other legal and fiscal impediments further contribute to the challenges faced by financial institutions operating in the Russian Federation.

The Group’s major sources of net revenues are fees and commission from brokerage business, asset management and administration fees, net interest income, and trading revenue. The Group’s business can be adversely affected by the general environment – economic, corporate, securities market, regulatory, and geopolitical developments all play a role in client asset valuations, trading activity, interest rates and overall investor engagement, and are outside of the Group’s control. Deterioration in credit markets, reductions in short-term interest rates, and decreases in securities valuations negatively impact the fees and commission income, net interest income, asset management and administration fees, and capital resources.

Current economic and politic situation, including situation in Ukraine and introduction of sanctions against the Russian Federation by particular countries and introduction of responsive sanctions against particular countries by the Russian Federation creates risks for operations conducted by the Group. Management of the Group believes that it takes all the necessary efforts to support the economic stability of the Group in the current environment.

The accompanying consolidated financial statements reflect management’s estimates of the potential effect of the current operating and business environment on the results and financial position. The future business environment may differ from management’s estimates.

Cyprus business environment

Following a long and relatively deep economic recession, the Cyprus economy began to record positive growth in 2015 which accelerated during 2016. The restrictive measures and capital controls which were in place since March 2013 were lifted in April 2015 and on the back of the strength of the economy’s performance and the strong implementation of required measures and reforms, Cyprus exited its economic adjustment programme in March 2016. In recognition of the progress achieved on the fiscal front and the economic recovery, as well as the enactment of the foreclosure and insolvency framework, the international credit rating agencies have proceeded with a number of upgrades of the credit ratings for the Cypriot sovereign debt, and although the rating continues to be “non-investment grade”, the Cyprus government has regained access to the capital markets. The outlook for the Cyprus economy over the medium term remains positive, however, there are downside risks to the growth projections emanating from the high levels of non performing exposures, uncertainties in the property markets, as well as potential deterioration in the external environment for Cyprus, including continuation of the recession in Russia in conditions of protracted declines in oil prices; weaker than expected growth in the euro area as a result of worsening global economic conditions; slower growth in the UK with a weakening of the pound as a result of uncertainty regarding the result of the Brexit referendum; and political uncertainty in Europe in view of Brexit and the refugee crisis.

2 Basis of preparation

Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

These summary consolidated financial statements are derived from the consolidated financial statements, except that substantially all note disclosures are omitted. The complete set of consolidated financial statements can be obtained from FG BCS LTD at the Group's headquarter offices located at Ul. Sovetskaya 37, Novosibirsk, Russian Federation, and 69 Prospekt Mira, bldg. 1, Moscow, Russian Federation.